

APPENDIX B

YAKAMA INDIAN NATION - STATE OF WASHINGTON CLASS III GAMING COMPACT

RULES GOVERNING CLASS III GAMING on the YAKAMA RESERVATION

SECTION 1. SPORTS POOLS

The Nation shall be entitled to offer sports pools, on regularly scheduled athletic contests, of one hundred (100) squares wherein each square is sold for not more than ten (10) dollars (wager) plus an administrative charge payable to the Nation of not more than fifty cents (\$0.50) per \$10.00 wager. All wagers shall be awarded to winners as prizes. All other provisions of state law established in RCW 9.46.0335 regarding the conduct of sports pools shall be applicable.

SECTION 2. PUNCHBOARDS AND PULL-TABS

The Nation may sell punchboards and pull-tabs in the facility and at other locations on the Yakama Reservation subject to regulation by the Nation and other than at a location where bingo is played. Such punchboards and pull-tabs shall be sold in a manner consistent with the sale of punchboards and pull-tabs at any location on the Yakama Reservation where bingo is played.

SECTION 3. SALE OF WASHINGTON STATE LOTTERY TICKETS

The sale of Washington State lottery tickets on the Yakama Reservation shall be subject to the provisions of the Tribal Ordinance, RCW 67.70, and WAC 315. To the extent such sales are conducted by other than the Nation, all rights under IGRA and applicable law are hereby reserved to the State and the Nation.

SECTION 4. SATELLITE (OFF-TRACK) WAGERING ON HORSE RACES

4.1 DEFINITIONS.

4.1.1 "Conventional parimutuel pool" means the total wager under the parimutuel system on any horse or horses in a particular race to win, place, or show.

4.1.2 "Commission Regulations" means Title 260 WAC.

4.1.3 "Exotic parimutuel pool" means the total wagers under the parimutuel system on the finishing position of two or more horses in a particular race, such as Quinella or Exacta wagers, or on horses to win two or more races, such as Daily Double wagers, Pick Six wagers, or on other wagers other than conventional parimutuel pool wagers.

4.1.4 "Horse Racing Law" means Chapter 67.16 RCW.

4.1.5 "Parimutuel wagering" means a form of wagering on the outcome of horse races in which those who wager purchase tickets of various denominations on a horse or horses in one or more races. When the outcome of the race or races has been declared official, there is a distribution of the total wagers comprising each pool, less any amounts permitted to be retained by law or under this Compact, to holders of winning tickets on the winning horse or horses.

4.1.6 "Satellite Wagering" means parimutuel wagering on simulcast results.

4.1.7 "Satellite wagering facility" means any facility in which satellite wagering is conducted.

4.1.8 "Simulcast" means the simultaneous television or radio transmission of a race to a facility other than where the race meet is being held.

4.1.9 "Wagering employee" means any person who is employed by the Nation or at any satellite wagering facility hereunder to handle any monies, materials, records or equipment related to the satellite wagering permitted herein, or who supervises any person who does so or supervises any such supervisor.

4.1.10 Except as otherwise provided herein, meanings ascribed to terms used in the Horse Racing Law and the Commission Regulations are hereby adopted by reference wherever such terms are used in this Compact.

4.2 APPLICABILITY OF LAWS. Wagering at the Yakama tribal satellite wagering facility will be conducted in accordance with this Compact, the Indian Gaming Regulatory Act, the Interstate Horseracing Act, any ordinances or regulations adopted by the Nation, and Washington Horse Racing Laws as made applicable herein. Nothing herein shall otherwise be deemed a prohibition upon or limitation upon tribal operation of a satellite wagering facility by the Nation or on behalf of the Nation.

4.3 REGULATION OF SATELLITE (OFF-TRACK) WAGERING.

4.3.1 Wagering Permitted. The Nation is entitled to operate a single satellite wagering facility pursuant to this Compact subject to the following terms and conditions:

a. Unless permitted in accordance with subparagraph c., below, Nation may conduct satellite wagering only on events simulcast from any Washington State track (whether of a live race, or an authorized simulcast of an out-of-state signal) on the same terms and conditions permitted any other satellite wagering facility in the State without limitation on the distance such tribal facility is from a live race meet, provided, the Nation is entitled to receive simulcast signals from each Washington State track on terms at least as advantageous as those made available by such track to any other satellite facility operated at a track holding a Class A or Class B Washington Horseracing Commission license or at any other facility operated or leased by an entity holding such a license. Negotiations conducted between the Nation and the track shall cover areas including, but not limited to, the following: percent of handle received; equipment required and who provides such equipment; who provides wagering employees; and how and on what schedule funds will be transferred. All wagers accepted at the tribal facility on such events shall be made into the parimutuel pool of the Washington State track which provides the simulcast signal, and shall be deemed to have been made at the location of such pool for the purposes of assessment of fees, charges, taxes or other assessments. Nothing herein shall prohibit assessment by the Nation of taxes, fees or other charges for wagering conducted at the tribal facility, nor shall the State or any of its political subdivisions be authorized to impose any taxes, fees, charges or assessments upon the Nation or any person or entity authorized to conduct such activities on behalf of the Nation for the satellite wagering activities regulated hereunder, other than those generally applicable to

the parimutuel pool; provided such taxes, fees, charges or other assessments generally applicable to the parimutuel pool are consistent with the holding of Cabazon Band of Mission Indians, et al. v. Wilson, et al., 1994 WL 541987 (9th CIR.[CAL.]), 37 F.3d 430 (1994) and 25 U.S.C. Section 2710(d)(4).

b. In the event the Nation believes it is not offered simulcast signals from a Washington State track on terms at least as advantageous as those made available by such track to the other satellite wagering operators as set forth in subparagraph a., above, the Nation may request a formal determination from the Commission. The sole issues in such determination will be whether the Washington State track provides terms to those other satellite wagering operators which are more advantageous than those offered to the Nation and, if so, what terms are less advantageous to the Nation. Provided, the Commission shall conduct a hearing and render a decision within ninety (90) days after receipt of the request for a determination from the Nation, and further provided, that if the Commission decision is not rendered within that time, the Nation is entitled to conduct satellite wagering in accordance with the provisions of subparagraph c., below. If the Commission determines that the terms offered Nation are less advantageous, the Washington State track shall have thirty (30) days to offer terms that are at least as advantageous to the Nation, or the Nation will be entitled to conduct satellite wagering in accordance with subparagraph c., below. If the Nation disputes the determination of the Commission regarding whether the terms offered to the Nation are less advantageous, the Nation or State may request arbitration under Section XII.C of this Compact.

c. If, following an adverse determination from the Commission, the Washington State track does not offer the terms identified by the Commission in accordance with subparagraph b., above, the Nation shall be entitled to negotiate for and receive simulcast signals from out-of-state races for an equivalent number of races, to be offered within the subsequent twelve (12) month period, on such terms and conditions as it may obtain. Acceptance of signals from out-of-state tracks shall be made in compliance with the Interstate Horseracing Act, 15 U.S.C. § 3001, et seq. Nothing in this section (Section 4) shall be deemed to limit acceptance of satellite wagers to the extent permitted under the Interstate Horseracing Act. Consent of the Commission, as required under the Interstate Horseracing Act shall not be unreasonably withheld. For disputes concerning whether the Commission has unreasonably withheld its consent, the Nation or the State may request arbitration under Section XII.C of this Compact.

4.3.2 Hours of Operation. The wagering authorized in the Nation's satellite wagering facility shall be conducted within the hours authorized for Class III gaming under this Compact. Provided, however, when a track providing a simulcast to the tribal facility operates outside the Nation's regularly scheduled hours of operation, then the satellite wagering portion of the Class III facility authorized under this Compact may be open to the public during the time the sending track is open to the general public.

4.3.3 Approval of Facility. Subject to approval of the physical adequacy of the facility, the Yakama Reservation is hereby approved as location for the conduct of satellite wagering as permitted under this Compact. The right of Nation to conduct satellite wagering from a facility at such location shall not be affected by its distance from any live race meet being broadcast to such facility, and statutes and regulations imposing distance limitations on the location of satellite wagering facilities relative to live race meets, including but not limited to RCW 67.16.200(c), shall not be applicable to Nation.

4.3.4 Wagering Rules. All of the rules set forth in Chapter 260-48 WAC ("Mutuels") are hereby incorporated by reference as being applicable to any satellite wagering facility authorized hereunder, subject to the following qualifications:

4.3.4.1 References therein to "racing associations" shall mean the Nation.

4.3.4.2 References therein to "enclosure of any race track" shall mean the satellite wagering facilities authorized hereunder.

4.3.4.3 Parimutuel machines shall be locked at the time and by the same means as are applicable to parimutuel machines at other satellite wagering facilities within the State or as otherwise required by the parimutuel pool operator at the host race track or other authorized source, if different therefrom, but in all cases prior to the start of any race for which bets are being accepted.

4.3.4.4 References to "the manager of the parimutuel department" shall refer to any person appointed to manage the satellite wagering facility authorized under this Compact.

4.3.4.5 The Nation may accept exotic bets, including but not limited to daily doubles, quinellas, exactas, wagering on "short fields", daily triples, "Pick n", trifectas, and other exotic bets to the extent made available through parimutuel pools by the parimutuel pool operator.

4.3.5 Other Facilities Within Area. In the event the Commission considers allocation of exclusive or limited areas in which satellite wagering facilities may be located, the Commission will give good faith consideration to designating the Yakama satellite wagering facility as one of those exclusive or limited area satellite wagering sites. Notwithstanding the foregoing, the conduct of satellite wagering at any other facility, including a live racing facility, in the State shall not affect the right of the Nation to operate its satellite wagering facility at any time.

4.3.6 Amounts Received by Nation. The Nation may receive from parimutuel wagers made at its satellite wagering facility such amounts as may be negotiated between it and the operator of the parimutuel pool (track).

4.3.7 Security Control. The Nation shall maintain such security controls over any satellite wagering facility authorized hereunder as would be required by the Commission for a comparable facility off the Reservation. The Nation shall remove, deny access to, eject or exclude persons whose presence within such facility would be contrary to the interests of the Nation or the State in operating an honest, legitimate facility or in meeting the goals and objectives of this Compact or the Act.

4.3.8 Accounting Practices and Audits. Any satellite wagering facility authorized hereunder shall maintain its books and records in accordance with generally accepted accounting principles and such rules and regulations, if any, as are applied to satellite wagering facilities in the State.